

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.4151 Definitions.

Sec. 4151. As used in this chapter:

(a) "Annuity" means an annuity that is an insurance product under state law that is individually solicited, whether the product is classified as an individual or group annuity.

(b) "Insurance producer" or "producer" means insurance producer as defined in section 1201 and includes a business entity described in section 1205(2) that is licensed as an insurance producer under this act.

(c) "Recommendation" means advice provided by an insurance producer, or an insurer if no producer is involved, to an individual consumer that results in a purchase, exchange, or replacement of an annuity in accordance with that advice.

(d) "Replacement" or "replace" means a transaction in which a new policy or contract is to be purchased, and it is known or should be known to the proposing producer, or to the proposing insurer if there is no producer, that by reason of the transaction, an existing policy or contract has been or is to be 1 of the following:

(i) Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer, or otherwise terminated.

(ii) Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values.

(iii) Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid.

(iv) Reissued with any reduction in cash value.

(v) Used in a financed purchase.

(e) "Suitability information" means information that is reasonably appropriate to determine the suitability of a recommendation, including all of the following:

(i) Age.

(ii) Annual income.

(iii) Financial situation and needs, including the financial resources used for the funding of the annuity.

(iv) Financial experience.

(v) Financial objectives.

(vi) Intended use of the annuity.

(vii) Financial time horizon.

(viii) Existing assets, including investment and life insurance holdings.

(ix) Liquidity needs.

(x) Liquid net worth.

(xi) Risk tolerance.

(xii) Tax status.

History: Add. 2006, Act 399, Imd. Eff. Sept. 29, 2006;—Am. 2012, Act 544, Eff. June 1, 2013.